



COMMONWEALTH OF VIRGINIA GAS AND OIL BOARD MINUTES June 15, 2010

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held their regular monthly hearings that commenced at 9 a.m. on Tuesday, June 15, 2010, at the Russell County Office Complex, Conference Center, 139 Highland Drive, Lebanon, Virginia.

Board Members who were present included: Bradley C. (Butch) Lambert, Chairman, Nelly K. Dye, Bruce A. Prather, Mary A. Quillen, and Donald L. Ratliff.

Also present were: Sharon M.B. Pigeon, Senior Assistant Attorney General, David E. Asbury Jr., Principal Executive to the Staff of the Board, and Diane J. Davis, Division of Gas and Oil Programs Administrator.

1. The Board will receive public comments.
 - Mitchell Counts
 - Catherine Jewell
 - Jamie Hale
 - Terry Hutchinson
 - Kathy King
 - Jim Sparks
 - Dorothy Kidd
 - Roscoe Hubble
2. The Board, on its own motion, will consider an order requiring operators with monies in or due to the Board's escrow account, provide an annual reconciliation for each unit. VGOB-10-0615-2752.
 - By motion of the Board, each gas operator with pooled interests and payments into the Boards Escrow Account will provide an annual reconciliation of unit payments into escrow.
 - The first such reconciliation will be due to the Board on December 1, 2010 to encompass the 2009 calendar year. At future times, the annual reconciliation will be due to the Board on July 1 for the previous calendar year. To be clear, the reconciliation for calendar year 2010 will be due July 1, 2011 and the calendar year 2011 will be due July 1, 2012.

3. The Board will receive an update from Robinson, Farmer, Cox Associates relative to the Escrow Audit. Corbin Stone of Robinson, Farmer & Cox distributed an update and discussed same providing the status of audit.

The Board received an update from Mr. Corbin Stone of Robinson, Farmer, and Cox Associates (RFCA). The Board will request RFCA to provide specific information and an additional update at the August 17, 2010 hearings.

4. The Board will receive an update from First Bank and Trust, Escrow Agent, relative to future investment options for the Board's Escrow Account.

The Board received an update of Escrow activities from First Bank and Trust (FB&T) representatives Debbie Davis and Karen McDonald. It was noted, FB&T and the Board Staff have established a quarterly workshop to discuss issues and enhance the payment reporting and disbursement processes relative to the escrow fund(s).

The matters of investment policy, arbitration costs, interest income accounting and future investment options were discussed or presented.

- 1) FB&T representatives presented their draft of Investment Policy for the Escrow Account. The Board will review the draft policy and discuss at the July 20, 2010 hearings.

- 2) Regarding future Arbitration costs, the Board Chairman stated, regulations for the Arbitration process are being developed and are not in place. FB&T should continue their process of allocation of monthly interest income to individual escrow unit accounts until regulations are in place and FB&T receives further instruction from the Board.

Future Investment options were presented to the Board. The FB&T Wealth Management Group presented a proposal for investment of a portion of the escrow funds over a six month period. This proposal recommended the purchase of Certificates of Deposit in the Certificates of Deposit Account Registry service (CDARS) program, which is fully insured by the FDIC up to \$250,000 per CD. The proposal outlined successive purchases of four (4) CDs per month with a commitment of \$8.4 million initially, increasing to \$16.9 million with a return of up to 65 basis points.

After discussion, the Board approved the CDARS investment option and requested FB&T to prepare a letter detailing the monthly investments for the Chairman's signature.

5. The Board on its own motion will consider a disbursement of funds for unit Q-40, Docket Number VGOB-93-0216-0328. This item was previously heard and approved by the Board on August 20, 2002. The disbursement was never made. The Board will decide whether to uphold the prior disbursement petition or deny and ask the operator to resubmit a petition.

This petition was continued until August 17, 2010.

6. The Board on its own motion will consider corrective testimony regarding disbursement of funds for Tract 1-F, Unit AZ100. Docket Number VGOB-03-0415-1139.01.
[This item was continued until July 17, 2010.](#)
7. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530278, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-10-0518-2710. Continued from May 2010.
[The petition was approved.](#)
8. A petition from Southeast Land & Mineral, LLC for pooling of conventional gas unit C-6 Wolfrun Hall#1, Tyler District, Washington County, Virginia. Docket Number VGOB-10-0615-2713.
[This item was continued until August 17, 2010.](#)
9. A petition from Southeast Land & Mineral, LLC for establishment of field rules for the Wolf Run Conventional Gas Field in Washington County, Virginia. Docket Number VGOB-10-0615-2714.
[Presentations were made by Counsel Jonathan Yarborough, Dr. Charles Bartlett, Tony Holbrook, Gus Sorenson, and Charles Hale.](#)
[After deliberations, this item was continued until August 17, 2010.](#)
10. A petition from EQT Production Company for modification of the Nora Coalbed Gas Field to allow one additional coalbed gas well to be drilled within each of the 58.77 acre Nora Units identified as AH77, AI75, AI76, AI77, AI78, AJ75, AJ76, AJ77, AJ78, AK74, AL74 and AL75, Buchanan County, Virginia. Docket Number VGOB-89-0126-0009-65.
[This petition was approved.](#)
11. A petition from EQT Production Company for pooling of coalbed methane unit VC-537195, Lipps District, Wise County, Virginia. Docket Number VGOB-10-0615-2716.
[This petition was approved.](#)
12. A petition from EQT Production Company for pooling of coalbed methane unit VC-536325, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2717.
[This petition was withdrawn by the applicant.](#)
13. A petition from EQT Production Company for pooling of coalbed methane unit VCI-538739, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2718.
[This petition was approved.](#)
14. A petition from EQT Production Company for pooling of coalbed methane unit VCI-531497, New Garden District, Russell County, Virginia. Docket Number VGOB-10-0615-2719.
[This petition was approved.](#)

15. A petition from EQT Production Company for pooling of conventional gas well V-536901, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0615-2720.

This petition was approved.

16. A petition from EQT Production Company for pooling of coalbed methane unit VC-537188, Lipps District, Wise County, Virginia. Docket Number VGOB-10-0615-2721.

This petition was approved with revised exhibits.

17. A petition from EQT Production Company for pooling of coalbed methane unit VCI-539006, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2722.

This petition was approved.

18. A petition from EQT Production Company for pooling of coalbed methane unit VC-537303, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2723.

This petition was withdrawn by the applicant.

19. A petition from EQT Production Company for pooling of coalbed methane unit VCI-531533, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2724.

This petition was withdrawn by the applicant.

20. A petition from EQT Production Company for pooling of coalbed methane unit VCI-538296, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2725.

This petition was approved.

21. A petition from EQT Production Company for pooling of coalbed methane unit VCI-531532, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2726.

This petition was withdrawn by the applicant.

22. A petition from EQT Production Company for pooling of coalbed methane unit VCI-531535, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2727.

This petition was withdrawn by the applicant.

23. A petition from EQT Production Company for pooling of coalbed methane unit VCI-531534, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2728.

This petition was withdrawn by the applicant.

24. A petition from EQT Production Company for pooling of coalbed methane unit VC-536216, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-0615-2729.

Testimony was provided by applicant plus questions received from the Board by Kathy King and Terry Hutchinson.

This petition was continued to July 20, 2010.

25. A petition from EQT Production Company for pooling of coalbed methane unit VCI-538691, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2730.

[This petition was continued to July 20, 2010.](#)

26. A petition from EQT Production Company for pooling of coalbed methane unit VCI-531536 Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2731.

[This petition was withdrawn by the applicant.](#)

27. A petition from EQT Production Company for pooling of coalbed methane unit VCI-531539, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2732.

[This petition was continued to July 20, 2010.](#)

28. A petition from EQT Production Company for pooling of coalbed methane unit VCI-531538 , Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2733.

[This petition was withdrawn by the applicant.](#)

29. A petition from EQT Production Company for pooling of coalbed methane unit VCI-539490, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2734.

[This petition was continued to July 20, 2010.](#)

30. A petition from EQT Production Company for pooling of coalbed methane unit VC-504899, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-0615-2735.

[This petition was continued to July 20, 2010.](#)

31. A petition from EQT Production Company for pooling of coalbed methane unit VC-537187, Lipps District, Wise County, Virginia. Docket Number VGOB-10-0615-2736.

[This petition was continued to July 20, 2010.](#)

32. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AA-54, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-10-0615-2737.

[This petition was continued to July 20, 2010.](#)

33. A petition from CNX Gas Company, LLC for re-pooling coalbed methane unit P-43, Garden District, Buchanan County, Virginia. Docket Number VGOB-00-0321-0777-02.

[This petition was continued to July 20, 2010.](#)

34. A petition from CNX Gas Company, LLC for re-pooling coalbed methane unit R-42, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0316-0342-02.

[This petition was continued to July 20, 2010.](#)

35. A petition from CNX Gas Company, LLC for re-pooling coalbed methane unit Z-56, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-09-0616-2525-01.

[This petition was continued to July 20, 2010.](#)

36. A petition from CNX Gas Company, LLC for modification of the Middle Ridge I Field Rules to allow for the drilling of an additional well in units AV134, AV141-AV152, AW134, AW143-AW146, AW148-AW150, AX141, AX46, AY140-AY145, AZ138, AZ142, AZ143, BA134, BA138, BB134-BB137, BC136, BC137, BD137, Tazewell County, Virginia. Docket Number VGOB-00-1017-0835-08.

[This petition was continued to July 20, 2010.](#)

37. A petition from Southeast Land & Mineral, LLC requesting to be named Unit Operator for each of the units for the proposed Wolf Run Conventional Gas Field. Docket Number VGOB-10-0615-2738.

[This petition was continue to August 17, 2010.](#)

38. A petition from Southeast Land & Mineral, LLC for pooling of conventional gas well unit C-8 Wolfrun #1, Tyler District, Washington County, Virginia. Docket Number VGOB-10-0615-2739.

[This petition was continue to August 17, 2010.](#)

39. A petition from Southeast Land & Mineral, LLC for creation of a 160 acre conventional gas well unit, D-4 Wolfrun, Tyler District, Washington County, Virginia. Docket Number VGOB-10-0615-2740.

[This petition was continue to August 17, 2010.](#)

40. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530285, Sandlick District, and Dickenson County, Virginia. Docket Number VGOB-10-0615-2741.

[This petition was continued to July 20, 2010.](#)

41. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530281, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-10-0615-2742.

[This petition was continued to July 20, 2010.](#)

42. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530279, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-10-0615-2743.

[This petition was continued to July 20, 2010.](#)

43. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530237, Kenady District, and Dickenson County, Virginia. Docket Number VGOB-10-0615-2744.

[This petition was continued to July 20, 2010.](#)

44. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530216, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-10-0615-2745.

[This petition was continued to July 20, 2010.](#)

45. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 281 VA Unit A-43, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2746.

[This petition was continued to July 20, 2010.](#)

46. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 437 CBM Unit C-38, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2747.

[This petition was continued to July 20, 2010.](#)

47. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 429 CBM Unit D-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2748

[This petition was continued to July 20, 2010.](#)

48. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 432 CBM Unit D38, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2749.

[This petition was continued to July 20, 2010.](#)

49. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 213 VA Unit ZZZ-36, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2750.

[This petition was continued to July 20, 2010.](#)

50. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 212 VA Unit ZZZ-37, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-10-0615-2751.

[This petition was continued to July 20, 2010.](#)

51. Approval of the May 2010 minutes.

[This May 18, 2010 minutes of the Board were reviewed and approved.](#)

Information concerning the above docket items can be viewed from 8 a.m. to 5 p.m., Monday through Friday at the office of the Department of Mines, Minerals and Energy, Division of Gas and Oil, 135 Highland Drive, Lebanon, Virginia. All questions concerning the agenda should be directed to the Division of Gas and Oil by telephoning 276-415-9700.

The deadline for filing of petitions to the Board for the July 2010 hearing is 5 p.m., Friday, June 18, 2010 with the hearing scheduled for Tuesday, July 20, 2010 at the Conference Center, Russell County Office Building, and 139 Highland Drive, Lebanon, Virginia.